

LAR Presentation to Stakeholders

Department of State Health Services

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Presentation Outline

- Overview of Current Biennium
- LAR Timeline
- Exceptional Items Approach
- Enterprise LAR Workgroups
- 10% GR-Related Funding Reduction Approach
- Sequestration ("across the board" federal reductions)
- Health Care Reform (Affordable Care Act)
- 1115 Waiver Opportunities



Agency Overview

The mission of the Department of State Health Services is to improve health and well-being in Texas.

DSHS Services

- Family & Community Health Services
- Health Information & Vital Statistics
- Mental Health & Substance Abuse Services
- Prevention & Preparedness Services
- Regional & Local Health Services
- Regulatory Services

Scope

- Alzheimer's and Ambulances to Zoonosis and Zebra Meat
- Impact on millions of people
- Nearly 7900 client services and administrative contracts
- ~160 DSHS sites

DSHS Budget Facts – FY 12-13

- \$5.8 billion biennial budget
- 50% of the DSHS budget is GR-Related Funds; 43% is Federal Funds; and 7% is Other Funds
- 70% of the DSHS GR is for mental health services (community and hospitals)
- Only 8% of DSHS GR funds are for public health
- Regulatory Services are supported by fees
- Lab Services are primarily supported by fees
- DSHS has 220 funding streams/methods of finance (mostly federal grant sources)
- DSHS has roughly 1,000 organizational budgets

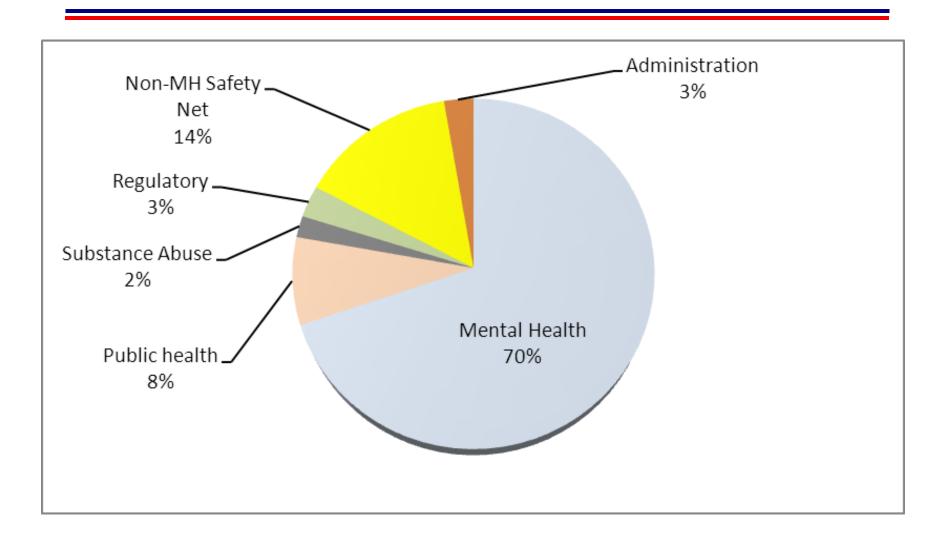


TEXAS Department of State Health Services Current Biennium vs. Prior Biennium

Description	FY2012-13 GAA	FY2010-11 GAA	Changes
GOAL 1 - Preparedness and Prevention	\$1,047,483,012	\$1,022,448,386	\$25,034,626
GOAL 2 - Community Health Services	\$3,531,446,086	\$3,647,080,418	(\$115,634,332)
GOAL 3 - Hospital Facilities	\$921,404,676	\$864,173,378	\$57,231,298
GOAL 4 - Consumer Protection Services	\$120,923,800	\$142,278,924	(\$21,355,124)
GOAL 5 - Indirect Administration	\$101,637,873	\$104,244,618	(\$2,606,745)
GOAL 6 - Capital Items	\$45,164,409	\$66,422,097	(\$21,257,688)
TOTAL, GOALS	\$5,768,059,856	\$5,846,647,821	(\$78,587,965)
General Revenue	\$2,129,933,843	\$2,205,307,518	(\$75,373,675)
General Revenue-Dedicated	\$742,736,832	\$818,163,817	(\$75,426,985)
Fed Funds	\$2,488,012,720	\$2,502,176,111	(\$14,163,391)
Other Funds	\$407,376,461	\$321,000,375	\$86,376,086
TOTAL, METHOD OF FINANCING	\$5,768,059,856	\$5,846,647,821	(\$78,587,965)
FTEs	12,464.80	12,554.70	-89.90
Note: This excludes Sex Offender Program			



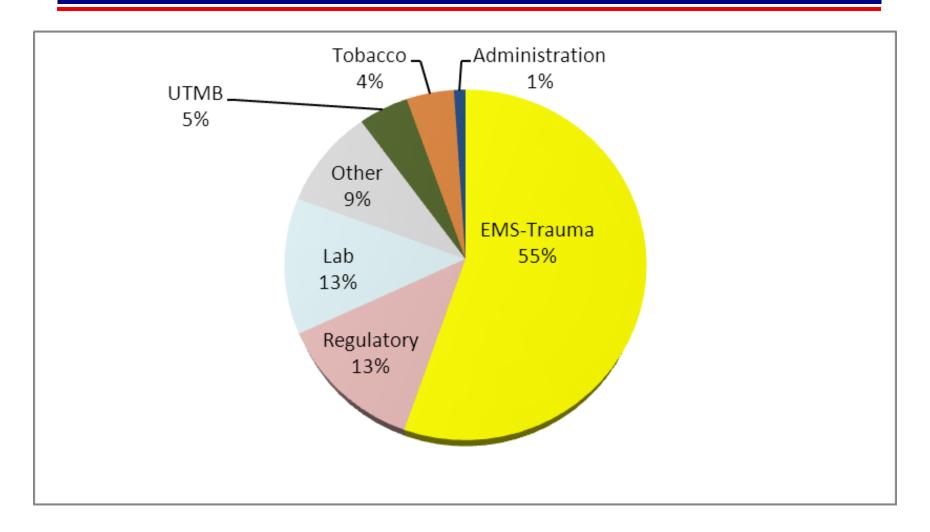
General Revenue Makeup





GR Dedicated Makeup

(excludes WIC rebates)





Current Year Initiatives

- Quality Improvement
- Potentially Preventable Hospitalizations
- Healthy Babies
- Managing TB outbreaks
- Adult immunization changes
- Meningococcal vaccines for college students
- Community Transformation Grant



Current Year Initiatives (cont.)

- SCID Newborn screening
- Partnership with CPRIT
- Moreton building repairs
- MH Study (Rider 71)
- Regulatory Study (Rider 59)
- Lab fee study (Rider 60)
- MH Hospital Privatization (Rider 63)



Fiscal Year 2012-13 Issues

Public Health Threats

- Public health emergency preparedness/response protect Texans from natural and man-made disasters
- Infectious diseases remain a threat to Texans
- The burden of chronic diseases is increasing and is a driver of health care costs
 prevention programs for obesity and tobacco help to mitigate this burden

Health Cost Containment by DSHS

- Community mental health services reduce the need for more costly services, such as hospitalizations
- Substance abuse continues to be a driver of poor health and costs throughout the state budget
- Community health services improve health and reduce costs to the state budget, such as Medicaid
- Health care quality is an important factor in reducing health care costs

Regulatory Services – Impact to Business and Health

Diminished regulatory services affect licensing and inspection activities



Fiscal Year 2012-13 Issues (cont.)

- Forensic capacity lawsuit
- Meningococcal vaccines for college students
- Costs to sustain community mental health services and other clinical services in an environment of population growth and increasing health care costs
- Costs to preserve mental health hospital capacity, facilities and equipment
- Implementation of cost containment measures



Legislative Appropriations Request (LAR) Timeline

- Leadership Letter issued June 4, 2012
- HHSC Meeting held on June 8
- LAR Base Reconciliation due June 14
- Public Input about LAR: June14-15
- ABEST Data entry/Quality Review: June-July
- Compilation of 1200+ page document (in 3 volumes): July
- Official Submission of LAR: Aug 16
- LAR hearing: September 2012



Exceptional Item Approach

- Priority 1: Maintain Current Services
- Priority 2: Ensure Federal & State compliance
- Priority 3: Move Health Forward



Priority 1: Maintain Services

- Maintain hospital forensic levels (lawsuit)
- Maintain hospital facilities
- TB prevention and control
- Maintain adult and child immunizations
- Maintain federal maintenance of effort requirements to minimize loss of fed funds
- Recruit and retain key clinical staff



Priority 2: Ensure Federal & State compliance

- Prevent disease/foodborne outbreaks
- Ensure funding for DCS billings (state requirement)
- Disaster response



Priority 3: Move Health Forward

- Primary health care for women
- Increase behavioral treatment outcomes
- Chronic disease prevention and tobacco cessation
- Preventing healthcare associated infections
- Waiting lists (MH and CSHCN)



Enterprise LAR Workgroups

- For the past several LARs, we have been involved in LAR workgroups with our sister agencies to address common challenges
 - Waiting lists
 - Facility issues
 - Retention and Recruitment challenges
 - Regional Support
 - Information Technology
 - Federal Funds



10% GR Reduction Approach

- Assessed all programs for public health risk
- Excluded GR tied to MOE (maintenance of effort)

Approach taken	n millions
1) Reviewed historical lapses and potential swaps	\$19.2
2) Increased administrative efficiencies	\$3.1
3) Elimination of programs with lowest public health risk	
4) Safety net programs	\$158.2
5) Population based Public Health programs	
Biennium Total - GR Reductions	\$229.2



Sequestration (federal reductions)

- Budget Control Act of 2011
- Directed Congress to reduce defense and discretionary spending by \$1.2 trillion over 10 years beginning January 2013
- This equates to a 8.8% "across the board" reduction of our grants (about \$100M)
- Each of the program areas determined client impact due to loss of federal funds



Health Care Reform

- If the Supreme Court upholds the Affordable Care Act, many of the DSHS programs will be affected
- Some of the DSHS clients will be eligible for Medicaid or private insurance via the Insurance Exchange
- We are in the process of evaluating the impacts now



1115 Medicaid Waiver

- Texas Healthcare Transformation and Quality Improvement Program (the transformation waiver)
- DSRIP Pool Payments are incentive payments to hospitals and other providers that develop strategies to enhance access to health care, increase the quality of care, the cost-effectiveness of care, and the health of the patients served
- Opportunities exist for Behavioral Health and Public Health – DSHS and HHSC are working with providers



Comments?